



David Lamendola
Director
Government Affairs

158 State Street, 10th Floor
Albany, NY 12207
Phone 518 396-1086

**Testimony by:
David Lamendola
Verizon
Before the Energy and Technology Committee Public Hearing
February 24, 2010**

On behalf of Verizon, I would like to express our support for SB 1024 AA Modernizing the States Telecommunications Laws and to thank the committee for bringing this topic to light at today's public hearing. This legislation represents a much-needed modernization of Connecticut's regulatory environment as it applies to the telecommunications market. The existing regulatory model, which was largely developed in the days when landline telephone service was provided by monopolies, imposes many inefficiencies and unnecessary requirements on Verizon in Connecticut, despite the increased competition, consumer choices, and convergence of our industry.

Consumers today make choices based not only on economics, but also on convenience and technological preferences, such as wireless over landline or satellite over cable. More than one in four households in the United States has eliminated their landline service entirely, while another 15 percent consider their cell phone to be their primary line. In other words, for 40 percent of the country, landline service is an afterthought. This is particularly true in Connecticut, where traditional landline telephone providers have lost significant market share as a direct result of strong competition from alternate providers such as wireless, VoIP and the cable companies. By all accounts, the "cord-cutting" trend will only accelerate as time goes on.

Connecticut's rules for telephone companies have not kept pace with the stunning changes in the telecommunications market. They were written in the days when we had one phone company for a specific geographic area and everybody only had landlines. For example, in 2001, Verizon provided telephone service to 53,000 customers in Greenwich. Back then most of our customers weren't using email. Text messaging was in its infancy, and people didn't see cell phones as competition for landline phones. Today, we've lost over half of those customers to alternative providers that are not regulated to the degree Verizon is.

Outdated regulatory requirements are counterproductive in a competitive environment because they do not reflect the factors that truly drive provider performance and consumer choice. Given the revolutionary changes in the market, consumers are best served when all competitors can operate in an environment unburdened by onerous regulations. Free and fair competition ensures that communications companies continue to strive to meet or exceed their customers' needs. Proof of that are the falling prices and expanding services provided by cellular carriers and broadband service providers — which happened not because of regulatory requirements, but because of market pressures. A provider's success in the marketplace is driven by the knowledge that an unsatisfied customer can "vote with their feet" and choose from multiple providers offering quality services they need at a desirable price.

I would like to point out to the committee that SB 1024 would take significant and positive steps towards modernizing the regulatory framework for telecommunications in Connecticut. With this legislation consumers will still enjoy the same protections that apply to any other good or service, and important social programs and services will remain in place. Specifically, the Lifeline assistance program, relay services for the hearing and speech impaired, and E911 services would not be affected by this bill.

The updates proposed here today will foster a more innovative and competitive marketplace – to the benefit of all consumers. It also will set the stage for increased investment and economic development in Connecticut. In Indiana, one of the first states to modernize its telecom and video regulations in 2006, a follow-up economic impact study determined that within a year of reform, telecom companies had invested an additional \$400 million and created thousands of new jobs in the state. In the years since, that investment exceeds \$1.2 billion. This legislation sends the message that Connecticut is ready to be a national leader in encouraging growth and innovation in our industry.

Verizon is pleased to support the legislation before you today as a vital common sense reform of our regulatory environment. I thank you again for addressing this issue, and please do not hesitate to contact me with any comments or questions. Thank you.
